

African online payments sector boosted by major deal

Kenyan headquartered DPO Group has acquired PayFast for an undisclosed sum in a deal that will give local business owners an easier way to accept payments in 18 African countries. The acquisition of PayFast further extends DPO Group's market lead in Africa.



Image source: Gallo/Getty.

PayFast's addition to DPO will in turn expand the range of services that the DPO Group can offer its customers, now numbering 100,000 merchants on the continent, to allow more merchants to transact more broadly at lower cost.

The African Payment Service Provider (PSP) announced its acquisition of PayFast, one of the largest payment processors in South Africa, at a press conference in Cape Town yesterday, 30 July 2019, which was live streamed on Facebook. The deal by the Nairobi headquartered DPO Group was executed through a mix of shares and cash, with the PayFast management team remaining key shareholders in DPO Group.

PayFast has the broadest range of shopping cart integrations in Africa and its Instant EFT service provides consumers with a secure alternative for making online payments. The integration of PayFast into DPO's services will increase the range of payment options available to DPO's business customers, whilst providing a Pan-African solution to PayFast's existing customer base.

Merger

This merger will allow all of the Group's services to be available on a single platform to both DPO Group and PayFast merchants significantly improving their capacity to do business not only across Africa but also worldwide.

At the press conference, Jonathan Smit, managing director and co-founder of PayFast, said the conversations between DPO and PayFast started way back in 2015. “This is a significant milestone. Our goal has been to act as an ecommerce enabler, particularly for smaller businesses which are an important part of our economy.

“The market has reached a size now where it is going to be very interesting. This transaction represents a great opportunity and it is the next milestone in our journey. Entrepreneurship is a hard thing. Payments are tricky - you have to earn people’s trust. We’ve always been very pro the startup world and small businesses.

“The South African economy needs entrepreneurship and ecommerce enables economies to grow.”

Seated next to Smit on a couch on a small stage set up for the media announcement, Eran Feinstein, CEO and co-founder of DPO Group, revealed that they were looking at further expansion in the Francophone region. “We are already live in Ivory Coast, we are about to launch in Senegal, we are looking at Morocco which is a very important market for us. Then we are looking at North Africa, countries like Tunisia and Egypt. Things are moving very fast. Mozambique of course is also on the list and countries like South Sudan, Somalia, where we are on the way to find solutions.”

In his comments, Offer Gat, the chairman and co-founder of DPO Group, said: “PayFast is a natural fit for DPO Group and this deal strategically follows our acquisitions of PayGate, VCS, Paythru and SiD since 2016. This deal, which we believe is the largest acquisition by a PSP in Africa, reinforces our position as a leading PSP on the continent and is an important step forward in our strategic growth across Africa.

“The combination of DPO Group and PayFast will greatly increase the ability of merchants on our platform to do business with their clients both within and outside of Africa. Finally, it will allow DPO to continue to improve merchant services, allowing more merchants to transact more broadly at lower cost.”

Services

Feinstein added, “PayFast’s deep experience of payment processing and facilitation in South Africa complements and expands the services we can offer our business customers via the most diversified and robust suite of online payments options available in Africa. The integration of PayFast and the wealth of e-commerce platforms it already works with, is an extremely attractive addition to the Group.

It’s about adding value for our merchants, providing more choice and freedom for businesses to pay and be paid throughout Africa.”

In 2016 DPO received investment from Apis Growth Fund I, a Private Equity fund managed by Apis Partners LLP. The Fund invests in innovators in the financial services sectors in Africa and Asia. The Fund supported this investment and will continue to facilitate DPO’s expansion across Africa; the broadening of its client base and investment in technology.

PayFast, founded in 2007, uses a facilitator model to process payments, providing a turn-key solution together with its partner banks, but providing a single point of contact for its clients. This provides a simple way for businesses to receive payments, saving them considerable time, effort and paperwork, whilst ensuring they have access to a broad range of payment types and bank-level security.

With the largest network of shopping carts in Africa, including global e-commerce platform Shopify, the integration of PayFast into DPO’s services will enable merchants and, in turn, individual consumers to carry out transactions across 18 countries in Africa from a single platform.

“Integrating our processing and facilitation capability with the range of online payment services offered by DPO and its

huge geographical reach across 18 countries in Africa is an extremely exciting opportunity for both companies. The coming together of two leading online payment specialists will have a positive impact on the African payments landscape and create better future career opportunities for our current and future talent. I am excited to be working with the DPO team in growing the business further in the years ahead,” said Smit.

Team

“PayFast is a very welcome addition to the DPO Group and I’m delighted to welcome Jonathan Smit on to the board in South Africa,” added Peter Harvey, managing director and co-founder of DPO Southern Africa. “We’re looking forward to working closely with the PayFast team to quickly widen the range of services available to our merchants.

“The demand from African and global companies to make and receive payments reliably, securely and quickly, is growing exponentially. We are seeing this trend from both our SME and multinational customers. DPO Group is now in an even better position to not only meet that demand but accelerate opportunities for businesses and consumers.”

PayFast currently enables over 55,000 South African merchants to make quick, simple payments and grow their businesses through e-commerce opportunities. Through this acquisition, DPO Group aims to enable the growth of African businesses by offering its merchants a greater choice of payment services and providing them with all the necessary tools to make and receive payments effortlessly throughout Africa and internationally.

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